

HOUSE BILL 262  
By Shepard

AN ACT to amend Tennessee Code Annotated, Title 56; Title 63  
and Title 71, relative to pharmacy benefit managers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 63, Chapter 10, is amended by adding  
the Sections 2 through 4 as a new part thereto.

SECTION 2.

Section 63-10-701.

(a) As used in this part unless the context otherwise requires:

(1) "Enrollee" means a person eligible to receive a health care  
benefit under a health benefit plan;

(2) "Health benefit plan" means any hospital or medical insurance  
policy or certificate, health care plan or certificate, qualified higher  
deductible health plan, health maintenance organization subscriber  
contract, or any managed care plan;

(3) "Insurer" means a corporation or other entity which is licensed  
or otherwise authorized to offer a health benefit plan in this state; and

(4) "Pharmacy benefit manager" means any person, corporation, or other entity that administers prescription drugs or prescription devices of a health benefit plan on behalf of an insurer.

(b) Every pharmacy benefit manager providing services or benefits in this state that constitute the practice of pharmacy as defined in this chapter shall be licensed to practice as a pharmacy in this state. As a condition for licensing, every pharmacy benefit manager shall permit the board, or agents or employees thereof, to inspect the premises of such pharmacy benefit manager.

### SECTION 3.

#### Section 63-10-7012.

(a) The pharmacy benefits manager shall notify all pharmacies enrolled in such manager's health care plan of any cancellation of the coverage of benefits of any group enrolled in such health care plan at least thirty (30) days prior to the effective date of such cancellation. In those cases where the pharmacy benefits manager is not notified at least thirty (30) days prior to the effective date of such cancellation, the pharmacy benefits manager shall notify all pharmacies enrolled in such program of the cancellation as soon as practicable after having received such notice.

(b) All persons enrolled in a health care plan shall be notified of its cancellation, and the pharmacy benefits manager of such health care plan shall make every reasonable effort to gain possession of any plan identification cards such persons may have been issued pursuant to the provisions of such health care plan.

(c) Any person who utilizes a health care plan identification card to obtain services from a pharmacy after having received notice of the cancellation of the person's benefits shall be liable to the pharmacy benefits manager of such health

care plan for all moneys paid by such pharmacy benefits manager for any services received pursuant to the illegal use of such identification card.

SECTION 4.

Section 63-10-703. (a) The provisions of this part shall apply to any services rendered by TennCare pursuant to the provisions compiled in Title 71, Chapter 5.

(b) The provisions of this part shall not apply to health plans preempted from state regulation by the Employee Retirement Income Security Act of 1974.

SECTION 5. Tennessee Code Annotated, Section 63-10-504(b)(1), is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 6. Tennessee Code Annotated, Section 63-10-504(i), is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 7. Tennessee Code Annotated, Section 63-10-505(4), is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 8. Tennessee Code Annotated, Section 63-10-506(a), is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 9. Tennessee Code Annotated, Section 63-10-508, is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 10. Tennessee Code Annotated, Section 63-10-509, is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 11. Tennessee Code Annotated, Section 63-10-401, is amended by deleting such section in its entirety and by substituting instead the following:

Section 63-10-401. Parts 4-7 of this chapter shall be known and may be cited as "Tennessee Pharmacy Practice Act".

SECTION 12. Tennessee Code Annotated, Section 63-10-403, is amended by deleting the language "parts 4-6 of this chapter" wherever it may be found and by substituting instead the language "parts 4-7 of this chapter".

SECTION 13.

(a) Tennessee Code Annotated, Section 63-10-404, is amended in the first sentence by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

(b) Tennessee Code Annotated, Section 63-10-404(13), is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

(c) Tennessee Code Annotated, Section 63-10-404(26), is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 14. Tennessee Code Annotated, Section 63-10-408, is amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 15. Tennessee Code Annotated, Section 63-10-501, is amended by deleting the language "parts 4-6 of this chapter" wherever it may be found and by substituting instead the language "parts 4-7 of this chapter".

SECTION 16. Tennessee Code Annotated, Sections 63-10-504(f)(1) and (f)(4), are amended by deleting the language "parts 4-6 of this chapter" and by substituting instead the language "parts 4-7 of this chapter".

SECTION 17. This act shall take effect July 1, 2003, the public welfare requiring it.